



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2017 Biennium

<b>Bill #</b>	HB0275	<b>Title:</b>	Revise fuel tax revenue to fund maintenance and public transportation
<b>Primary Sponsor:</b>	Wilson, Nancy	<b>Status:</b>	As Introduced

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns   |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts           | <input type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$25,679,545	\$25,679,545	\$25,679,545	\$25,679,545
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$25,080,000	\$25,080,000	\$25,080,000	\$25,080,000
<b>Net Impact-General Fund Balance:</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**Description of fiscal impact:** HB 275 increases the gasoline tax by five cents per gallon. Three cents of the increase is allocated to counties, incorporated cities or towns, or consolidated city-county governments for the repair and maintenance of county roads and city streets. Two cents of the increase is allocated to provide non-federal match for public transportation and DUI Task Forces.

### FISCAL ANALYSIS

#### Assumptions:

1. The bill will increase state gasoline tax by 5 cents per gallon -- from 27 cents to 32 cents.
2. The five-year average of taxable gallons sold in Montana is 501,600,000 gallons. Revenue generated by the five cent tax on these gallons would be \$25,080,000.
3. State gas tax collected by MDT is assessed a 1% fee that is directly allocated to the distributors. These distributor fees would be \$250,800. Because the bill specifically designates the five cent increase to be allocated entirely for specific purposes, it is assumed this amount would come from the existing 27 cent tax.
4. An increase in gas tax revenue would result in increases in tax penalties and interest. These revenues are collected and deposited into the Highway Non-Restricted Account. 15-70-210, MCA, adds a 10% penalty

and 1% per month, prorated daily interest on any tax not paid. The tax increase will cause a proportional increase to penalty and interest revenues collected.

5. 15-70-234, MCA, allows the Montana Department of Transportation (MDT) to enter into cooperative motor fuel tax agreements with the states Indian tribes. 18-11-112, MCA, states revenue collected by MDT under a state-tribal cooperative agreement and the administrative expenses, if any, deducted from the total revenue collected must be deposited in separate special revenue accounts. The estimated increase to tribes is \$348,745 per year. Because the bill specifically designates the five cent increase to be allocated entirely for specific purposes, it is assumed this amount would come from the existing 27 cent tax.
6. Three cents of the per-gallon increase (\$15.05 million) would be allocated to counties, incorporated cities or towns, or consolidated city/county government entities for repair and maintenance of county roads and city streets.
7. Two cents of the per-gallon increase (\$10.03 million) would be distributed as follows:
  - a. \$3,511,000 (35%) annually to 49 USC 5311 transit providers (rural cities less than 50,000 population) to match federal funds;
  - b. \$2,006,000 (20%) annually to 49 USC 5311(f) transit providers (intercity transit providers) to match federal funds;
  - c. \$3,511,000 (35%) annually to 49 USC 5307 transit providers (Billings, Great Falls, and Missoula) to match federal funds; and
  - d. \$1,003,000 (10%) annually to DUI task forces.
8. Funding for public transportation through this bill is to match federal funds only. If federal grant funds are unavailable, non-federal matching funds collected under this section will revert to the Department of Transportation.
9. Matching funds distributed through this section will replace local matching funds under current law. The local funds would revert back to local entities to be used for other purposes.
10. It is assumed that all matching funds and DUI task force funds authorized under this section will be fully expended, with the exception of match for 5311 (f).
11. For purposes of this fiscal note, revenue estimates are based on the assumption that gasoline gallons consumed will remain constant over the four year period.

	<b><u>FY 2016</u></b> <b><u>Difference</u></b>	<b><u>FY 2017</u></b> <b><u>Difference</u></b>	<b><u>FY 2018</u></b> <b><u>Difference</u></b>	<b><u>FY 2019</u></b> <b><u>Difference</u></b>
<b><u>Fiscal Impact:</u></b>				
<b><u>Expenditures:</u></b>				
Operating Expenses	\$250,800	\$250,800	\$250,800	\$250,800
Benefits	\$348,745	\$348,745	\$348,745	\$348,745
Grants	\$25,080,000	\$25,080,000	\$25,080,000	\$25,080,000
<b>TOTAL Expenditures</b>	<b>\$25,679,545</b>	<b>\$25,679,545</b>	<b>\$25,679,545</b>	<b>\$25,679,545</b>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$25,679,545	\$25,679,545	\$25,679,545	\$25,679,545
<b>TOTAL Funding of Exp.</b>	<b>\$25,679,545</b>	<b>\$25,679,545</b>	<b>\$25,679,545</b>	<b>\$25,679,545</b>
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$25,080,000	\$25,080,000	\$25,080,000	\$25,080,000
<b>TOTAL Revenues</b>	<b>\$25,080,000</b>	<b>\$25,080,000</b>	<b>\$25,080,000</b>	<b>\$25,080,000</b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	(\$599,545)	(\$599,545)	(\$599,545)	(\$599,545)

**Effect on County or Other Local Revenues or Expenditures:**

1. The public transportation allocations under this bill would displace local revenue committed as non-federal match and those displaced funds could be used on other local projects.

**Long-Term Impacts:**

1. The increased costs to the Highway State Special Revenue Fund (existing 27 cent tax) will provide less state special revenue funds available to meet state match requirements on federal highway projects and for maintenance of state owned roads.

**Technical Notes:**

1. Public transportation is not a specified eligible use of funds collected from gasoline taxes under Article VIII, Section 6(2) of the Montana Constitution so appropriation of funds for that purpose would require a 3/5's vote of each house of the legislature.
2. The bill specifically designates the use of the 5 cent tax and does not account or allow for the distributor fee or the tribal revenue sharing agreements so these expenses related to the new tax would be paid from the existing 27 cent tax.

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*Sponsor's Initials*\_\_\_\_\_  
*Date*\_\_\_\_\_  
*Budget Director's Initials*\_\_\_\_\_  
*Date*